



July 23, 2020

Representative Michael Morin
Chair, Subcommittee on General Government
House Committee on Finance
Rhode Island State House
Providence, RI 02903

Re: Governor's Budget Amendment – New Article 9 --- Insurance (H7171)

This statement in support of the Governor's Budget Amendment is submitted by the American Property Casualty Insurance Association (APCIA).¹

The proposed budget article amends the risk-based capital trend test for life insurers, a financial solvency tool that allows regulators to monitor the solvency of such insurers. This change is needed for the Department of Business Regulation (RIDBR) to remain accredited by the National Association of Insurance Commissioners (NAIC).

Maintaining RIDBR's NAIC accreditation is critical for all insurers. It signifies to other regulators that the state's laws and regulatory processes are up to snuff, and thus can be relied upon. Conversely, a lack of, or the suspension of such accreditation, at the very least, signals issues with a state's insurance regulatory process that needs to be looked at more closely. This could have significant consequences for both the state and insurers located here.

The provisions of this proposed article are consistent with the NAIC's requirements and have been adopted in numerous other states. APCIA supports the accreditation process and thus supports this article. We urge the committee's support as well.

Very truly yours,

Francis C. O'Brien
Vice President, State Gov't. Relations

Cc: Representative Marvin L. Abney
Chair, House Committee on Finance

¹ Representing nearly 60% of the U.S. property casualty insurance market, APCIA promotes and protects the viability of private competition for the benefit of consumers and insurers. APCIA represents the broadest cross-section of home, auto, and business insurers of any national trade association. APCIA members represent all sizes, structures, and regions, which protect families, communities, and businesses in the U.S. and across the globe. Several APCIA members are located in Rhode Island and many more do business here. Together, they write over 60% of the insurance sold in the state.